

Robert F. Hochwarth
General Attorney



February 25, 1980

Mrs. Agatha L. Mergenovich, Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D. C. 20423

RECORDATION NO. 11533 Filed 0125
Cleveland, Ohio 44101
216 623 2405

FEB 26 1980 - 1 50 PM

Dear Mrs. Mergenovich:

INTERSTATE COMMERCE COMMISSION

Pursuant to 49 U.S.C. Section 11303, and the Commission's rules and regulations thereunder as amended, I enclose for filing and recording three fully executed counterparts of a certain Conditional Sale Lease Agreement dated as of February 25, 1980 between B.A. Leasing Corporation and The Chesapeake and Ohio Railway Company.

Set out below are the names and addresses of the parties to the transaction:

Lessor: B.A. Leasing Corporation
555 California Street
San Francisco, Calif.

Lessee: The Chesapeake and Ohio Railway Company
Terminal Tower
Cleveland, Ohio 44113

The equipment covered by the enclosed document consists of the following:

- 16 GP-35 diesel locomotives, AAR mechanical designation BB, bearing Lessee's Road Nos. 3560-3575, inclusive.
- 121 4600 Cu. Ft. Covered Hoppers, AAR mechanical designation LU, bearing Lessee's Road Nos. 2670-2799, inclusive.
- 153 80-Ton Rebuilt Open Top Hoppers, AAR mechanical designation HT, bearing Lessee's Road Nos. 373000-373164, inclusive.
- 157 80-Ton Rebuilt Open Top Hoppers, AAR mechanical designation HT, bearing Lessee's Road Nos. 375080-375249, inclusive.

The above equipment will be lettered "Chesapeake and Ohio", "C&O", "Chessie System" or in some other appropriate manner.

Also enclosed is the Lessee's check in the amount of \$50 representing the required recordation fee. Upon recordation, please return one counterpart to the undersigned.

0-057A030

No.

Date FEB 26 1980

Fee \$ 50.00

Very truly yours,

R. F. Hochwarth

RFH/mw

Enclosures

The Chessie System railroads are the C&O, B&O, WM and affiliated lines. Chessie System, Inc. is the parent for the railroads, Chessie Resources, Inc., Western Pocahontas Corp. and The Greenbrier.

Interstate Commerce Commission
Washington, D.C. 20423

2/26/80

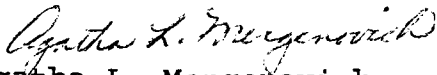
OFFICE OF THE SECRETARY

Robert F. Hochwarth, Gen. Atty.
Chessie System, Law Dept.
Terminal Tower
P.O. Box 6413
Cleveland, Ohio 44101

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/26/80 at 1:50pm , and assigned re-recording number(s). **11533**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

CONDITIONAL SALE LEASE AGREEMENT

RECORDATION NO. 11533 Filed 1425

FEB 26 1980 - 1 50 PM

INTERSTATE COMMERCE COMMISSION

THIS CONDITIONAL SALE LEASE AGREEMENT ("Lease") dated as of February 25, 1980, is between B.A. LEASING CORPORATION, a Delaware Corporation, with its principal office at 555 California Street, San Francisco, California ("Lessor") and THE CHESAPEAKE AND OHIO RAILWAY COMPANY, a Virginia Corporation, with its principal office at Terminal Tower, Cleveland, Ohio, 44113 ("Lessee").

Lessor agrees to acquire and lease to Lessee and Lessee agrees to hire from Lessor certain personal property (the "Units" and individually a "Unit") described in the Schedule (the "Schedule") attached hereto and made a part hereof, upon the terms and conditions hereinafter set forth:

Section 1. Procurement, Delivery and Acceptance.

1.1 Lessee has leased the Units pursuant to a lease dated as of September 1, 1965, between Lessee and Mellon National Bank and Trust, a lease dated December 15, 1964 between Lessee and First National City Bank, a lease dated February 15, 1965, between Lessee and The First National Bank of Maryland, and a lease dated March 15, 1965, between Lessee and First

and Merchants Bank (the "Original Leases" and individually an "Original Lease"). Lessee has a right to purchase the Units pursuant to the "Original Lease" ("Purchase Right" from the "Vendors" and individually the "Vendor"). The Delivery Date of each Unit shall be the expiration date of the Original Lease. All Delivery Dates hereunder shall be on or before the Availability Date set forth in the Schedule. On or before the Delivery Date, Lessee shall assign to Lessor all the right, title and interest of the Lessee in and to the applicable Purchase Right insofar as it relates to such Unit in a manner satisfactory to Lessor. Lessor agrees to accept the assignment and assume the obligations of the Lessee under the Purchase Right to purchase and pay for such Unit, but no other duties or obligations of the Lessee thereunder; provided, however, that Lessee shall remain liable to Vendor in respect of its duties and obligations in accordance with the Purchase Right. Lessee represents and warrants in connection with the assignment of the Purchase Right that (a) the Lessee has the right to assign the Purchase Right as set forth herein, (b) the right, title and interest of the Lessee in the Purchase Right so assigned shall be free from all claims, liens,

security interests and encumbrances, (c) Lessee will warrant and defend the assignment against lawful claims and demands of all persons, and (d) the Purchase Right contains no conditions under which Vendor may reclaim title to any Unit after delivery, acceptance and payment therefor.

1.2 The obligation of Lessor to pay for each Unit is subject to the following conditions:

(a) Lessee shall have executed and delivered to Lessor within ten (10) days of the Delivery Date of the Unit an Acceptance Supplement therefor in the form attached hereto ("Acceptance Supplement") confirming that such Unit (i) has been accepted by Lessee as of such Delivery Date and (ii) has become subject to and governed by all the provisions of this Lease;

(b) There shall exist, as of the Delivery Date of the Unit, no Event of Default or any condition, event or act, which with notice or lapse of time or both, would become an Event of Default, which has not been remedied or waived.

If either of the foregoing conditions has not been met with respect to any Unit, Lessee shall be deemed to have assumed the obligation of Lessor to pay the purchase price in accordance with the Purchase Right, and upon such payment, Lessor shall assign, transfer and set over unto the Lessee all the right, title and interest of Lessor in and to such Unit and the Purchase Right insofar as it relates to such Unit.

1.3 On or prior to the first Delivery Date hereunder, Lessee shall deliver to Lessor evidence satisfactory to Lessor of its corporate authority to enter into and perform its obligations under this Lease.

1.4 In consideration of the purchase of Units by Lessor as provided above, Lessee does hereby agree that in the event funds for the purchase of any Unit are advanced by Lessor prior to the Delivery Date, supplemental rent for the Unit shall begin to accrue on each date any such funds are advanced

by Lessor. The amount of such supplemental rent shall be equal to .050% of the amount of the funds so advanced multiplied by the number of calendar days from and including the date of such advance to, but not including, the Delivery Date. Such supplemental rent shall be payable on the Delivery Date.

Lessee does hereby further agree that in the event that it shall fail to lease any Unit purchased as above set forth pursuant to this Lease, Lessee shall, upon demand of Lessor purchase any such Unit from Lessor for the amount of the purchase price paid by Lessor or for which Lessor has obligated itself to pay and any other costs or obligations incurred by Lessor in connection with said purchase of any Unit plus rentals at the above rate from the date of the supplemental rental payment to the date of purchase by Lessee from Lessor.

Section 2. Term, Rent and Payment.

2.1 The term of this Lease as to each Unit shall commence on the Delivery Date in respect thereof and continue as specified in the Schedule.

2.2 The rental for each Unit shall be in the amount set forth in the Schedule and shall be payable at the times set forth in the Schedule.

2.3 Rent and all other sums due Lessor hereunder shall be paid at the principal office of Lessor set forth above.

2.4 This Lease is a net lease and Lessee shall not be entitled to any abatement or reduction of rent or any setoff against rent, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor or otherwise. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessor or Lessee be otherwise affected by reason of any defect in, damage to, loss of possession or use or destruction of any of the Units however caused, by the attachment of any lien, encumbrance, security interest or other right or claim of any third party to any Unit, by any prohibition or restriction of or interference with Lessee's use of the Unit by any person or entity, or by the insolvency of or the commencement by or against Lessee of any bankruptcy, reorganization or similar proceeding, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. It is the intention of the parties that all rent and other amounts payable by Lessee hereunder shall be payable in all events in the manner and at the times herein provided unless Lessee's obligations in respect thereof have been terminated pursuant to the express provisions of this Lease.

Section 3. Warranties.

3.1 LESSEE ACKNOWLEDGES AND AGREES (a) THAT EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY LESSEE, (b) THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSES, (c) THAT LESSOR IS NOT A MANUFACTURER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND, and (d) THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DESCRIPTION, DURABILITY OR SUITABILITY OF ANY SUCH UNIT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE. Lessor hereby assigns to Lessee, to the extent assignable, any warranties, covenants and representations of the Vendor with respect to any Unit, provided that any action taken by Lessee by reason thereof shall be at the sole expense of Lessee and shall be consistent with Lessee's obligations pursuant to Section 2 hereunder.

Section 4. Possession, Use and Maintenance.

4.1 Lessee shall not (a) use, operate, maintain or store any Unit improperly, carelessly or in violation of any applicable law or regulation of any governmental authority, (b) sublease any Unit or permit the use thereof by anyone other than Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, (c) permit any Unit to be removed from the location specified in the Schedule

without the prior written consent of Lessor, (d) affix or install any Unit to or in any other personal property or to or on any real property without first obtaining and delivering to Lessor such waivers as may be necessary to assure Lessor's ownership and right to remove such Unit free from any lien, encumbrance or right of distraint, or any other claim which may be asserted by any third party, or (e) sell, assign or transfer, or directly or indirectly create or incur or suffer to be created or incurred or to exist any lien, claim, security interest or encumbrance of any kind on any of its rights under this Lease or in any Unit.

4.2 Lessee shall at its sole expense at all times during the term of this Lease maintain the Units in good operating order, repair, condition and appearance.

4.3 Lessee shall not alter any Unit or affix or install any accessory, equipment or device on any Unit, if such alteration or addition will impair the originally intended function or use or reduce the value of any such Unit. All repairs, parts, supplies, accessories, equipment and devices furnished, affixed, or installed to or on any Unit shall thereupon become the property of Lessor. If no Event of Default has occurred and is continuing, Lessee may remove at its expense any such accessories, equipment and

devices at the expiration of the term with respect to such Unit, provided that such removal will not impair the originally intended function or use of such Unit.

4.4 Lessee will cause each Unit to be kept numbered with the identifying number set forth in the Acceptance Supplement applicable thereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership subject to a security interest filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such Unit and the rights of Lessor under this Lease. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. Lessee will not change the identifying number of any Unit unless substituted therefor shall have been filed with Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Any necessary changes in current markings on the Units shall be made within a reasonable amount of time to be determined by the Lessor.

Except as provided in the immediately preceding paragraph, Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by Lessee.

Section 5. Taxes.

5.1 All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than any federal, state or city net income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties, together with any interest payable with respect thereto being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for

the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of Lessor, adversely affect the title, property or rights of Lessor hereunder. If any Impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor.

5.2 In the event any reports with respect to Impositions are required to be made, Lessee shall make such reports in such manner as shall be satisfactory to Lessor.

Section 6. Risk of Loss; Waiver and Indemnity.

6.1 In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. On the rental payment date next succeeding

such notice Lessee shall pay to Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the Schedule) of such Unit as of the date of such payment as set forth in the Schedule. Upon the making of such payment by Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of loss, theft or complete destruction) Lessor shall be entitled to recover possession of such Unit. Provided that Lessor has received the Casualty Value for any Unit, Lessee shall be entitled to the proceeds of any recovery in respect of such Unit from insurance or otherwise to the extent that they do not exceed the Casualty Value of such Unit, and any excess shall be retained by Lessor.

Except as hereinabove in this Section 6.1 provided, Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after the Date of Delivery with respect to such Unit.

6.2 Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of, and agrees to indemnify, reimburse and hold Lessor harmless from, any and all claims (including, but not limited to, claims relating to patent infringement and claims based upon strict

liability in tort), losses, liabilities, demands, suits, judgments or causes of action, and all legal proceedings, and any costs or expenses in connection therewith, including attorneys' fees and expenses which may result from or arise in any manner out of the condition, use or operation of any Unit during the term hereof, or which may be attributable to any defect in any Unit, arising from the material or any article used therein or from the design, testing or use thereof, or from any maintenance, service, repair, overhaul or testing of any Unit regardless of when such defect shall be discovered, whether or not such Unit is in the possession of Lessee and no matter where it is located.

Section 7. Insurance.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained types and amounts of insurance that are satisfactory to the Lessor in respect of the Units at the time subject hereto and the use and operation thereof, including, without limitation, property insurance and public liability insurance, in such amounts and for such risks and with such insurance companies as are consistent with prudent industry practice, but in any event at least comparable to insurance coverage carried by the Lessee in respect of similar equipment owned or leased by it; provided, however, that in respect of property insurance, the Lessee may self-insure any Unit to the extent that it self-insures similar equipment owned by it and as is consistent with prudent industry practice. The Lessee hereby assigns and transfers to the Lessor and the Vendor, as their interests.

may appear, all right, title, and interest in and to any insurance proceeds paid under any policy of insurance to the extent such proceeds relate to the Units or the use and operation thereof as aforesaid; provided however, if the Lessee fully complies with all the provisions of this Section 7 and of Section 6 hereof in respect of the risk insured against as to which such proceeds are paid and, if there is no Event of Default under Section 8 hereof, the Lessee shall be entitled to retain all such proceeds.

Section 8. Default.

8.1 If, during the term of this Lease, one or more of the following events ("Events of Default") shall occur:

(a) Default shall be made by Lessee in the making of any payments to Lessor when due hereunder and such default shall continue for a period of ten days;

(b) Any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be untrue or incorrect in any material respect when made;

(c) Default shall be made in the observance or performance of any of the other covenants, conditions, agreements or warranties made by Lessee hereunder and such default shall continue for ten days after written notice thereof to Lessee;

(d) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier, or by the trustee in such proceedings in accordance with the provisions of 11 U.S.C. §1168, or any successor provision as the same may hereafter be amended; or

(e) Any other proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days

after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, Lessor, at its option may:

(aa) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(bb) by notice in writing to Lessee terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units. Lessor may declare all of the indebtedness with respect to the Purchase Price of the Units, as such Purchase Price is set forth on the Acceptance Supplements, together with the interest thereon then accrued and unpaid, if any, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date

of such declaration by Lessor at the rate per annum specified in Section 12 hereof, to the extent legally enforceable. Lessor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Units so payable, with interest as aforesaid. Lessee shall promptly notify Lessor of any Event of Default or of any event which with the giving of notice or the lapse of time could constitute an Event of Default. Lessor shall have a right to recover all amounts due under the terms of this Lease plus any damages and expenses in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of rental; or

(cc) waive any such Event of Default and its consequences and rescind and annul any declaration of default by notice to the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such Event of Default had occurred and no declaration of default had been made. Notwithstanding the provisions of this

paragraph, it is expressly understood and agreed by the Lessee that time is of the essence of this Lease and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

8.2 In the event of any action at law or suit in equity in relation to this Lease, Lessee in addition to all other sums which Lessee may be required to pay, will, if Lessor prevails in such action or suit, pay to Lessor a reasonable sum for its attorneys' fees and all other costs and expenses of such action or suit.

8.3 Lessor shall have any and all rights given to a secured party by law, and may, but is not required to, sell the Units in one or more sales. Lessor may purchase at such sale. Sales for cash or on credit to a wholesaler, retailer or user of the Units, or at public or private auction, are all commercially reasonable. If an Event of Default occurs, Lessor may require Lessee to return the Units as provided in Section 9 hereof.

8.4 The remedies hereunder provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which

might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law.

Section 9. Return of Units.

Upon expiration of the term of this Lease with respect to any Unit, or if Lessor shall rightfully demand possession of any Unit pursuant to this Lease or otherwise, Lessee, at its own cost and expense, shall forthwith deliver possession of such Unit to Lessor upon such storage tracks of Lessee as Lessee may designate, or, in the absence of such designation, as Lessor may select, and permit Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period to any carrier for shipment, all as directed by Lessor; the movement and storage of such Unit to be at the expense and risk of Lessee. Each Unit returned to Lessor pursuant to this section shall (a) be in the same order, repair and condition as when originally delivered to Lessee, ordinary wear and tear excepted, and (b) be presentable for interchange under the standards of the Association of American Railroads or its successor. During any such storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Unit, to inspect the same; provided, however, that Lessee shall be liable, except in the case of negligence of

Lessee or of its employees or agents, for any injury to, or death of, any person exercising, either on behalf of Lessor or any prospective purchaser or Lessee, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units.

Section 10. Assignment.

All or any of the right, title or interest of Lessor in and to this Lease, and the rights, benefits and advantages of Lessor hereunder, including the rights to receive payment of rental or any other payment hereunder, and title to the Units, may be assigned or transferred by Lessor at any time. Any such assignment or transfer shall be subject and subordinate to the terms and provisions of this Lease and the rights and interests of Lessee hereunder. No assignment of this Lease or any right or obligation hereunder whatsoever may be made by Lessee or any assignee of Lessee without the prior written consent of Lessor.

Section 11. Further Assurances.

Lessee, at its own expense, will cause this Lease to be filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303, and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection to Lessor's satisfaction, of Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, and Lessee will promptly furnish to Lessor evidence of all such filing, registering, depositing or recording.

Section 12. Late Payments.

Lessee shall pay to Lessor, on demand, interest at the rate of ten percent per annum on the amount of any payment not made when due hereunder from the date thereof until payment is made.

Section 13. Effect of Waiver.

No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default of Lessee hereunder shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such

breach or default, or an acquiescence therein or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease must be in writing specifically set forth.

Section 14. Survival of Covenants.

All covenants of Lessee under Section 1, 2, 4, 5, 6, 8, 9 and 12 shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

Section 15. Applicable Law; Effect and Modification of Lease.

15.1 This Lease shall be governed by, and construed under the laws of the State of California; provided, however, that the parties shall be entitled to all applicable rights conferred by the Interstate Commerce Act.

15.2 This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the leasing of the Units and supersedes all prior agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing.

Section 16. Financial Information.

Lessee shall keep its books and records in accordance with generally accepted accounting principles and practices consistently applied and shall deliver to Lessor its annual audited financial statements and such other unaudited financial statements as may be reasonably requested by Lessor.

Section 17. Notices.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to a telegraph office, charges prepaid, addressed as follows:

To Lessor:

B.A. Leasing Corporation
P. O. Box 37070
San Francisco, CA 94137
Attention: Documents Supervisor

To Lessee:

The Chesapeake and Ohio Railway Company
2 North Charles Street
Baltimore, Maryland 21201

or at such other address as may hereafter be furnished in writing by either party to the other.

Section 18. Commitment Fee

Prior to the first Delivery Date hereunder, Lessee shall deliver to Lessor a commitment fee (the "Commitment Fee") in the amount of \$30,000. Provided no Event of Default has occurred and is continuing, when Lessor shall have purchased Units, the aggregate purchase price of which is at least \$4,500,000, Lessor shall refund the Commitment Fee paid to Lessee.

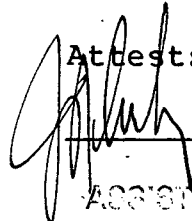
Section 19. Counterparts.

This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together will constitute but one and the same contract, which will be sufficiently evidenced by any such original counterpart.

Several counterparts of this Lease have been executed by the parties hereto. One counterpart has been prominently marked "Lessor's Copy". All other counterparts have been prominently marked "Not Lessor's Copy". Only the counterpart marked "Lessor's Copy" shall evidence a monetary obligation of the Lessee.

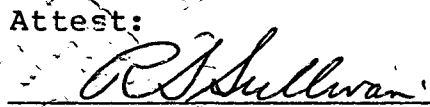
IN WITNESS WHEREOF, the parties hereto have executed
this Lease as of the day and year first above written.

(SEAL)

Attest: 

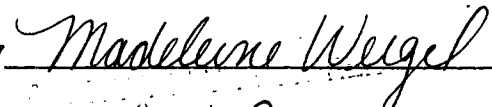
ASSISTANT VICE PRESIDENT

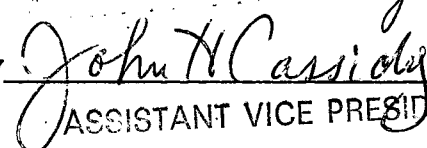
(SEAL)

Attest: 

Assistant Secretary

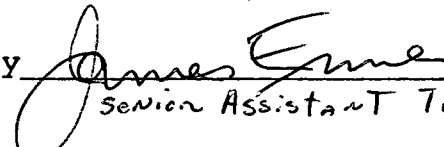
B.A. LEASING CORPORATION

By 

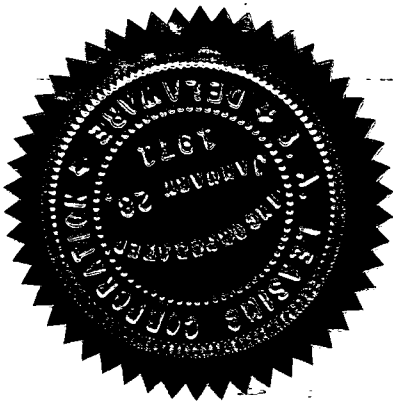
By 

ASSISTANT VICE PRESIDENT

The Chesapeake and Ohio Railway Company

By 

Senior Assistant Treasurer
By _____



STATE OF New York)
COUNTY OF New York) SS.:

On this 25th day of February, 1980, before me personally appeared Madeleine Weigel and John H. Cassidy, to me personally known, who being duly sworn, say that they are Asst. Treasurer and Asst. Vice President respectively, of B.A. Leasing Corporation, that the seal affixed to the foregoing is the corporate seal of said corporation, that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Grace Borgia
Notary Public

(Notarial Seal)

My Commission expires
GRACE BORGIA
Notary Public, State of New York
No. 24-4625210
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1980

STATE OF Maryland
COUNTY OF Baltimore

SS.:

On this 26th day of February, 1980, before
me personally appeared James E. Eamer,
to me personally known, who being by me duly sworn, says
that he is Senior Assistant Treasurer of The Chesapeake and Ohio
Railway Company, that the seal affixed to the foregoing ~~is~~
the corporate seal of said corporation, that the foregoing
instrument was signed on behalf of the corporation by
authority of its Board of Directors, and he acknowledged
that the execution of the foregoing instrument was the
free act and deed of said corporation.



Beatrice M. McCauley
Notary Public

[Notarial Seal]

My Commission expires

July 1, 1982

SCHEDULE

Section 1. Description of Units and Maximum Purchase Price.

Description

Covered hopper cars, auto parts cars,
insulated box cars, open hopper cars
and locomotives.

The aggregate actual Purchase Price of all Units under this Lease shall not exceed \$6,000,000 without the prior written consent of Lessor.

Section 2. Term.

The Base Lease Term shall be One Hundred and Twenty (120) months, commencing on the Scheduling Date in respect thereto. If the Delivery Date with respect to a Unit precedes the Scheduling Date for such Unit, the Base Lease Term will be preceded by an Interim Lease Term which will commence on the Delivery Date and continue up to, but not including, the Scheduling Date. The Scheduling Date shall be the first day of the first month following the Delivery Date.

Section 3. Rental.

a. Interim Rental

The Interim Rental for each Unit shall be equal to .050% of the Purchase Price of such Unit multiplied by the number of calendar days from and including the Delivery Date of such Unit to, but not including, the Scheduling Date of such Unit. Such interim rent shall be payable on the Scheduling Date.

b. Base Rental

The Base Rental for each Unit shall be paid in Forty (40) consecutive quarterly instalments with the first payment three months after the Scheduling Date. Each quarterly rental for each Unit shall be in an amount equal to 4.467% of the Purchase Price in respect thereto.

Section 4. Availability Date.

May 31, 1990.

Section 5. Location.

Continental United States and occasional use in Canada.

Section 6. Casualty Value.

The Casualty Value of each Unit as of each rental payment date in respect thereto shall be that percentage of the Purchase Price of such Unit as is set forth in Exhibit A hereto opposite the number of rental payments in respect of such Unit which would have become due to and including such date.

Section 7. Purchase Provision.

If no Event of Default shall have occurred and be continuing and this Lease has not been earlier terminated, Lessee may by written notice delivered to Lessor not more than nine months and not less than six months prior to the end of the term of this Lease with respect to a Type of Unit, elect to purchase all, but not less than all of the Units then covered by this Lease for a price equal to One Dollar (\$1.00) plus sales or similar tax, if any, imposed on the sale.

Upon payment of the purchase price, Lessor shall execute and deliver to Lessee, a bill of sale (without representations or warranties except that such Units are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under Lessor) for the Units.

THE CHESAPEAKE AND OHIO RAILWAY COMPANY

By James E. Ernie
Senior Assistant Treasurer

By _____

B. A. LEASING CORPORATION

By Madeline Weigel
ASSISTANT TREASURER

By John H. Cassidy
ASSISTANT VICE PRESIDENT

Casualty Value
EXHIBIT A

<u>Payment #</u>	<u>Percentage</u>	<u>Payment #</u>	<u>Percentage</u>
1	100.00	21	65.24
2	98.73	22	62.86
3	97.42	23	60.41
4	96.07	24	57.87
5	94.68	25	55.26
6	93.24	26	52.56
7	91.76	27	49.77
8	90.23	28	46.90
9	88.65	29	43.93
10	87.02	30	40.87
11	85.33	31	37.71
12	83.60	32	34.45
13	81.80	33	31.09
14	79.96	34	27.62
15	78.05	35	24.03
16	76.08	36	20.34
17	74.04	37	16.52
18	71.95	38	12.58
19	69.78	39	85.2
20	67.55	40	43.2

ACCEPTANCE SUPPLEMENT

Reference is made to the Conditional Sale Lease Agreement ("Lease") dated as of February 25, 1980 between B. A. Leasing Corporation as Lessor, and The Chesapeake and Ohio Railway Company, a Virginia Corporation, as Lessee.

The terms used herein shall have the same meaning as such terms have in such Lease.

The undersigned certifies that the following Units have been accepted by Lessee for leasing under the Lease, that such Units have become subject to and governed by the provisions of the Lease, and that Lessee is obligated to pay the rentals and all other sums provided for in the Lease with respect to such Units.

<u>Description of Units</u>	<u>Purchase Price</u>
16 2500 H.P. Model GP-35 Diesel electric locomotives bearing road numbers of The Chesapeake and Ohio Railway Company 3560-3575, inclusive.	\$2,400,000.00
Total Purchase Price	\$ 2,400,000.00

The Delivery Date in respect of such Units is

IN WITNESS WHEREOF, the undersigned has executed this Acceptance Supplement as of the Delivery Date set forth above.

The Chesapeake and Ohio Railway Company

By James E. Erme
Senior Assistant Treasurer